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ABSTRACT

Information and accompanying exercises in this learning module are provided to reinforce basic reading, spelling, writing, and math skills while at the same time introducing the fundamentals of personal money management. Written at an elementary level, the module covers five areas of personal finance: (1) planning a household budget on the basis of anticipated income and expenditures; (2) utilizing banking services and properly completing checks, checkbook registers, postal money orders, and savings account deposit and withdrawal slips; (3) filling out a W-4 Form (Employee's Withholding Exemption Certificate) and filing an income tax return; (4) understanding the risk factors that determine the variable costs of insurance; and (5) applying for a charge account and properly managing credit purchases. For each of these topics, the module presents a brief text with accompanying questions designed to reinforce reading comprehension. These questions are followed in each case by exercises requiring students to identify misspellings and various parts of speech within a text. In addition to word problems, which require the student to apply mathematical skills to problems of money management, the module also provides relevant forms so that students can practice writing a budget, balancing a checkbook, determining the balance on a credit account, and applying for a loan. A glossary and answer key are provided. (JP)

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YOUR MONEY: BUDGET, BANKING, CREDIT, TAXES & INSURANCE.

Liz Torre
Columbia College, California

1980

JC 810224

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TABLE OF CONTENTS

MONEY

Rationale & Objectives 1

Your Budget 2

Reading and Spelling 2

English 3

Math 3

Forms 6

Banking 8

Reading and Spelling 8

English. 8

Forms. 9

Taxes 18

Reading and Spelling 18

English. 19

Math (with forms). 20

Insurance. 23

Reading and Spelling 23

English. 24

Math 25

Credit 26

Reading and Spelling 26

English/Reading. 27

Math 28

Forms. 29

Glossary 32
Answer Key 34

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MONEY

Rationale - A money plan can help you get more from your hard-earned dollars by directing them where they're needed most. Your plan can help you to meet day-to-day expenses without strain and to move steadily toward your financial goals.

Objectives - You will learn about money institutions like banks, insurance companies, and the Internal Revenue Service. Becoming familiar with these services and how to deal with them and use them to your best advantage will help you to get the most from your money.

READING AND SPELLING

A young couple kept running out of money every month before their next paychecks were due. Sometimes bills would come when they had no money to pay them. They couldn't afford to go out with their friends very often. They decided to try a budget so they could be prepared when expenses came up, and have money to spend at least up to the day their next paychecks came.

Did this couple keep good track of their spending before they started a budget? How could they be certain that they would have money to pay the bills when they came each month?

Circle the correct spelling of the following underlined words. You will find them in the preceding paragraph.

sometimes bills wood/would come
they couldn't afoard/afford to go
go out with freinds/friends
when expences/expenses come up
the day there/their paychecks come

ENGLISH

Any time you give a name to a person, a place, or a thing, you are using a noun. All the following words are nouns:

worker	candy	bus
apple	school	love
lady	baby	Sally
California	train	desk

Words that tell what happens in a sentence are called verbs. Run, fall, work, sing, and help are verbs.

Underline the nouns and circle the verbs in this paragraph.

You can plan a budget in different ways. Many people budget their money by how they are paid -- by week or by month, for example. Even if you plan your budget week to week, you must plan ahead for monthly bills. The first thing to do is list all the sources of your income to figure how much money you are actually making. Then list your fixed expenses like rent or house payments, and utility bills, then variable expenses, like food and clothing. If an emergency arises, cuts from the variable expenses must be made.

MATH

A Knowledge of some basic math will be useful when you go

to plan a budget, keep an account at a bank, or even figure your taxes. Following are some examples of what these activities might involve.

Larry's salary is $600 a month, but his check is usually about $480 because of automatic deductions that his employer makes from his pay, like income tax and social security. His wife makes $120 a month, after her deductions. They want to put their incomes together and plan a budget.

. How much is their total income?

. If they pay $160 a month for rent, and $50 a month for bills, how much is left over for their other needs?

A good way to start out planning a budget is to keep a record of how you spend your money now. Larry and Paula drew up a table and wrote down every time they spent money on something from one payday to the next. At the next pay day the chart looked like this:

rent	bills	food	car needs	other
$260	$39.24 P.G.& E.	$37.40	$16.00	$12.00 movies
	11.00 charge pmt.	3.95	2.90	2.12 cookies
	6.34 Pacific Tel.	18.70	14.80	14.90 record albums
	12.00 water	11.69	5.98	7.85 gift
		10.31	10.00	1.00 March of Dimes
			26.70 insurance	

.How much did they spend in each column?

. What were their total expenses?

. How much is left over? (remember they have $600 to start with)

. Could Larry and Paula afford to buy a car at payments of $100

a month, if they maintain this budget?

Sometimes bills come less often than once a month, like insurance and property taxes. Sometimes things come up that cost money. The car needs new tires, or you have to have a crown on your tooth. It's wise to have a savings set aside for when things like that happen. If you don't have a savings, you can make cuts in your budget. You can't take money from the house or rent payments, but you can 'borrow' from the clothing or recreation fund.

. If you need to buy four new tires, at $35 a piece, and you have $200 in your savings account, do you have enough in the savings to cover it?

. From the above question, how much money would be left in the savings?

. If your income is $600 a month and your budget adds up to $530, how long would it take saving the leftover amount to be able to buy a $200 pair of skis?

FORMS

Suzanne and Roy made up their budget using the following table. From the story following the table, write in the correct figures.

February

house needs	clothing
rent utilities repairs	Sears charge pmt. Penneys pmt. cash spent
_____	_____
food	recreation
groceries dining out	ski trip
_____	_____
transportation	other
gas oil parts bus fare	birthday present haircut
_____	_____

Their biggest expenses were the rent and groceries. Rent was $375. They saved their food store receipts for the entire month. The totals were:

$36.80
12.68
3.42
11.93
6.87
4.20
2.10

Pacific Gas and Electric was $48. Roy bought some new filters for their water heater. Those cost $4.49. Roy treated Suzanne and some friends to dinner Saturday night. Including the tip, it cost $42.00.

Suzanne had to fill her gas tank three times in the month, but Roy only spent $7. Roy's car only gets used to take him to the bus station in the morning, and to take the place of Suzanne's car when it isn't running. Suzanne's gas stops cost $12, $10, $8.40, and $9. She drives to work and school every day because her schedule won't allow for buses.

Roy pays 50¢ each day for bus rides to and from work (their budget this month covered 21 working days).

Suzanne put a quart of oil in the car that cost $1. Later, she changed the oil and gave it a tune-up. The oil cost $5.19, filter and tune-up parts $18.02.

The Sears bill was $49.00; Penney's, only $12.

One weekend they got on a bus to spend a couple of days on the slopes with their friends who lived in Tahoe. The bus cost $2.45 each way, and their lift tickets were $12.00 each for each of the two days. While they were there they bought a T-shirt for their nephew's birthday for $7.95. Roy visited the barber and spent five dollars there.

Roy brings home $780 a month, Suzanne $60. How much did they have left in February? _____

READING AND SPELLING

Banks offer a number of services that can help you with your money responsibilities: checking accounts, saving plans, and even automatic deductions from your payroll check for deposit into your savings account. A savings and loan institution can usually pay higher interest on your savings than a bank. Large banks can offer various accounts suited especially to your needs.

1.What are the two basic types of bank accounts?

2.What services do banks offer to handle?

Spelling exercise

. a number of (services/servises)

. checking (accounts/acounts)

. can (usualy/usually) pay

. pay higher (interest/intrest)

. can offer (various/varius) services

ENGLISH

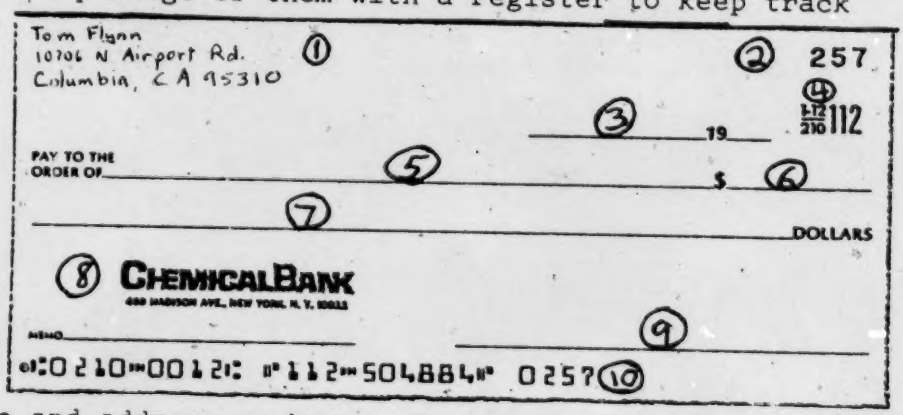
An adjective is a word used to clarify a noun. You can say you have a cat, or you can say you have a fat cat. The adjective, fat, helps clarify the noun, cat. The noun river can be clarified by: wide, full, blue, cold, rocky, or little, and more. Adjectives limit the meaning of nouns. Underline the

adjectives in following paragraph.

You can use a personal checking account to pay your monthly bills. By keeping money in a regular account, you can mail convenient checks instead of paying in cash. You can also keep all your money in a checking account and use checks to do all your daily spending. Personal checks are given to you when you open your new account. On them is printed your name and address, i.d. numbers (usually 100-900) for your records, a code number identifying the bank, state and district, and a special line of numbers on the bottom, for a computer to easily read, that includes your account number.

FORMS

This is a personal check. When you get an account, the bank gives you a package of them with a register to keep track of them.



1. Your name and address go here. It is quicker and easier to use checks when this is printed.

2. Check number. The number is there so you can keep track of all your check writing.

3. Each time you write a check you write the date here.

4. This is a code number for the bank's use.

There is a way to fill out checks so that others can't change the numbers. A sample check is filled out below. Notice the numbers are written close to the dollar sign at the right, and the written numbers start close to the left edge of the check:

Jack Till
Flint, Mich.

No. 150

VOID
SAMPLE

Date May 24 1966

Pay to the order of The Mason Book Co. — $10 59

Ten and 59/100 _____ DOLLARS

City Bank
Flint, Mich.

Jack Till

In this second check, there is space where anyone could change the numbers. A possible alteration has been added in printing to show how someone could.

Jack Till
Flint, Mich.

No. 150

VOID
SAMPLE

Date May 24 1966

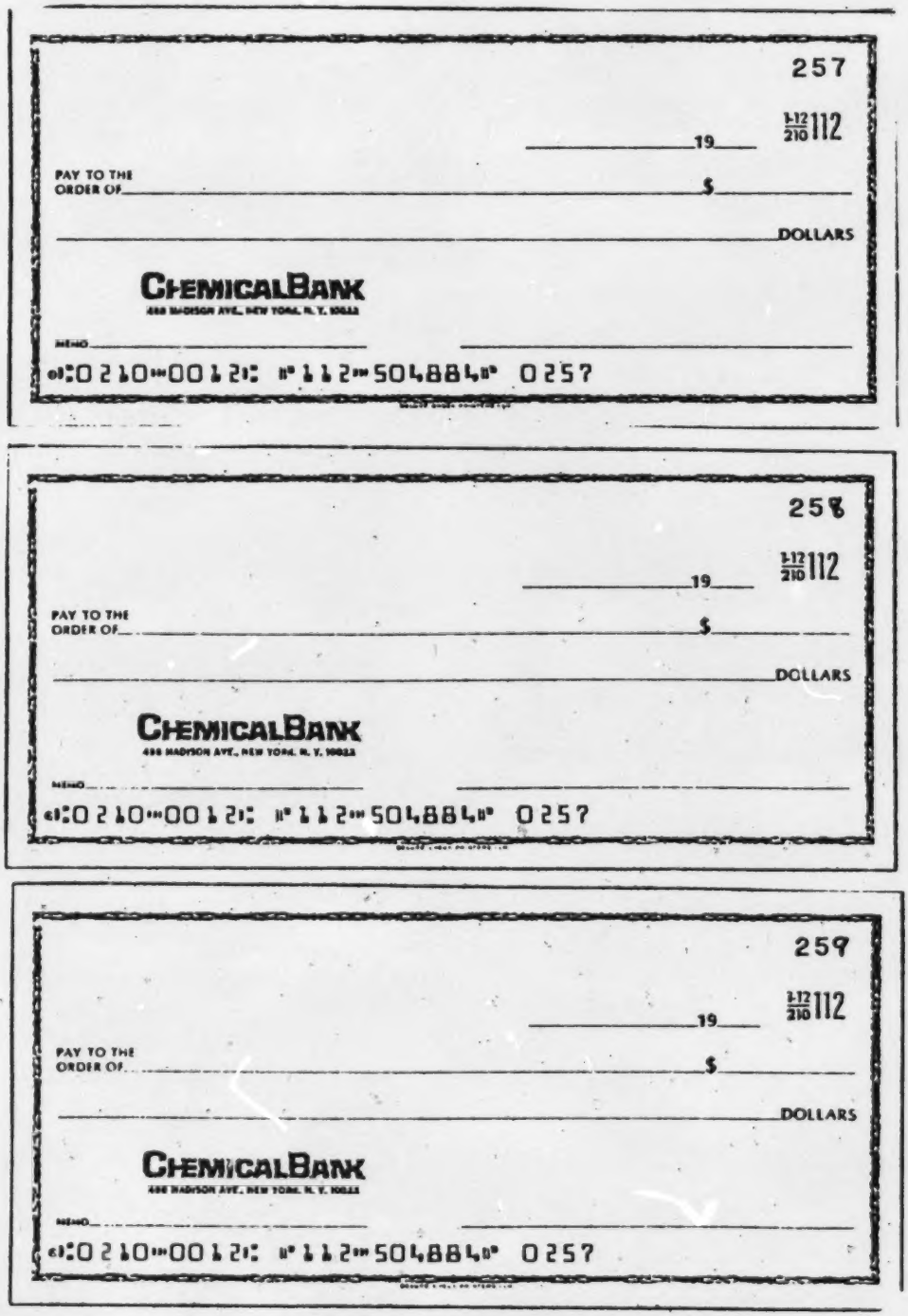
Pay to the order of The Mason Book Co $ 1 10 59

One Hundred Ten and 59/100 — DOLLARS

City Bank
Flint, Mich.

Jack Till

Fill out the check below to the Department of Motor Vehicles for $35.00, the next one to Columbia College for $7.50, and the third to Penney's for $100.00.



The check register is the part in your checkbook that you keep when you write checks. There are different kinds of registers. The one described here is a popular type. The three checks from the previous page have been entered here:

CHECK NO	DATE	CHECK ISSUED TO	DATE OF DEP	AMOUNT OF DEPOSIT	✓	AMOUNT OF CHECK	BALANCE
257	today	DMV				35.00	
258	today	Columbia College				150	
259	today	Penney's				100 00	

On the register on the next page, fill in the check number, the person the check is for, today's date, and the amount for each of the following checks.

257

PAY TO THE ORDER OF Glenn Scott today 19 1-12/210 112

Ten dollars and 95/100 $10.95 DOLLARS

CHEMICAL BANK

⑆0210⑆0012⑆ ⑈112⑈504884⑈ 0257

257

PAY TO THE ORDER OF Me and She 19 1-12/210 112

Twelve dollars and 00/100 $12.00 DOLLARS

CHEMICAL BANK

⑆0210⑆0012⑆ ⑈112⑈504884⑈ 0257

257

PAY TO THE ORDER OF Warren Smith 19 1-12/210 112

One hundred dollars $100.00 DOLLARS

CHEMICAL BANK

⑆0210⑆0012⑆ ⑈112⑈504884⑈ 0257

257

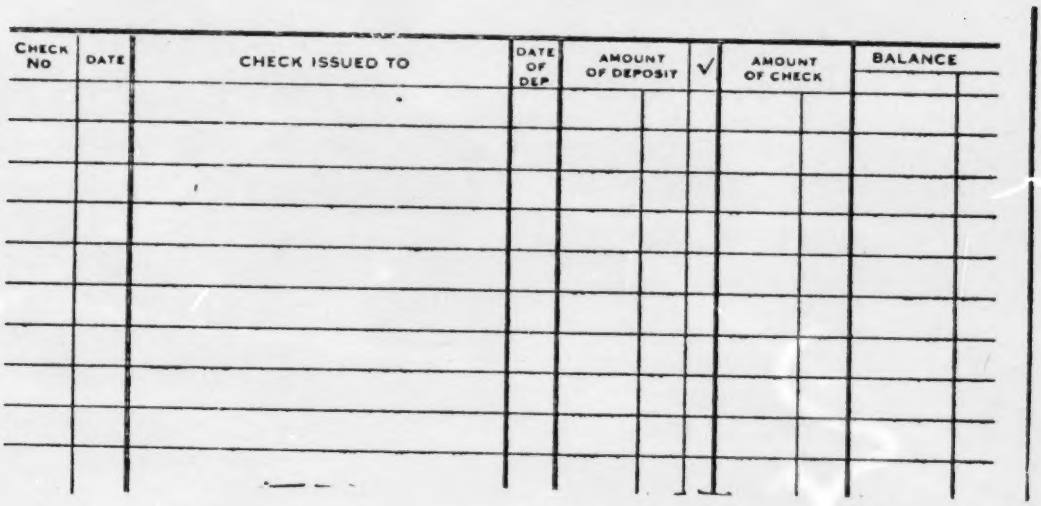
PAY TO THE ORDER OF Value Giant 19 1-12/210 112

Thirty-eight dollars $38.00 DOLLARS

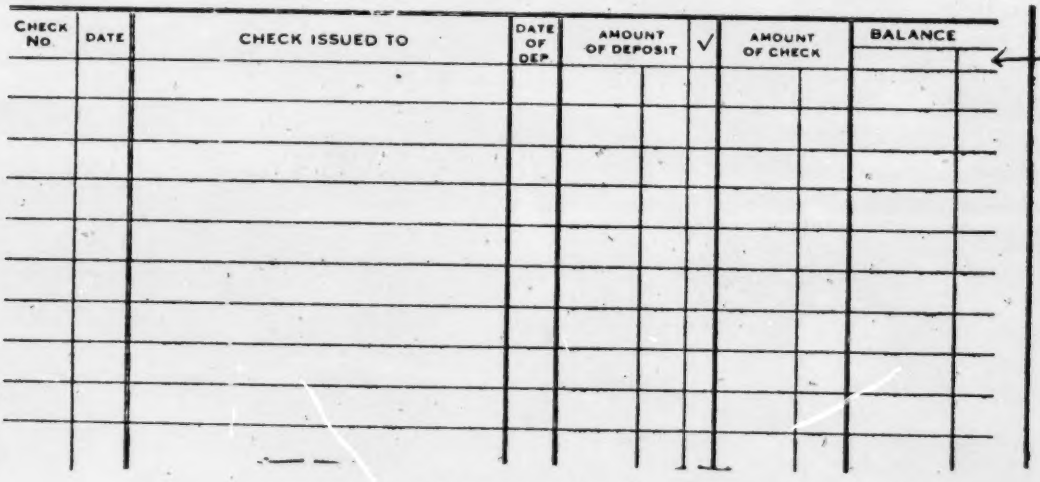
CHEMICAL BANK

⑆0210⑆0012⑆ ⑈112⑈504884⑈ 0257

16



To start your checking account, you go to the bank of your choice and deposit some money. The amount you deposit is called the "balance forwarded." Each time you write a check, you subtract the amount from the balance:



If you start your account with $100, $100 is your balance forwarded. Each time you continue the register on another page, the balance from the page before is written in the space marked balance forwarded. Write $100 in the space marked balance forwarded.

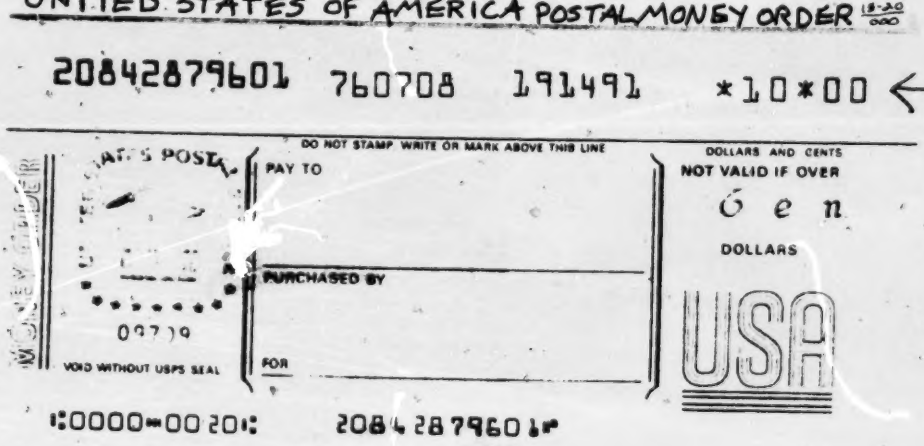
. You wrote a check on February 4 to Safeway for twelve dollars. Record this in the register on the first line.

. You wrote another check to the Cabbage Patch book store on February 6 for $13. Record this on the next white space.

. On February 7, you made a deposit of $35. Record this on the next white space. Enter the amount of deposit in the deposit column.

To keep your register up-to-date, you subtract checks you write and add deposits you make. Each time you do this, you are recording your balance. Try to figure your balance for February 8, from the numbers you've written in this register.

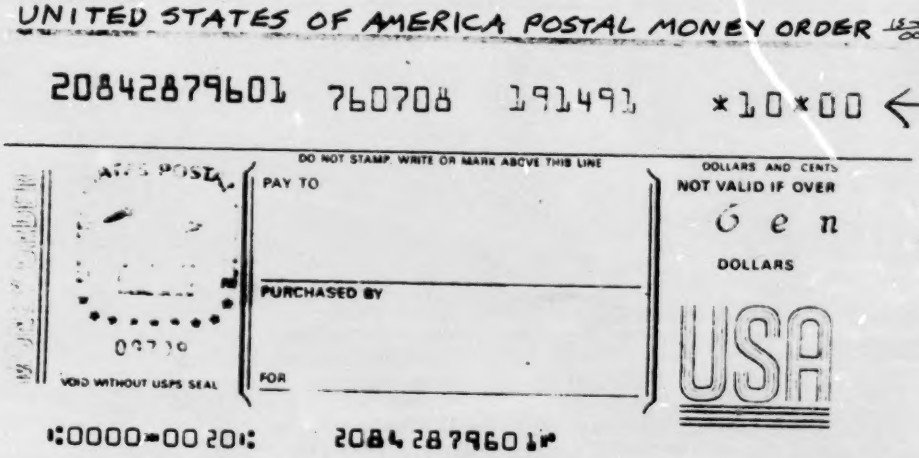
When you don't have a checking account, and you need to mail money to someone, you can buy a money order from your post office.



If you want a money order for ten dollars, you pay the post office that amount plus a service charge, and they give you a check for ten dollars. You write in who the check is for and usually your name and address. There is carbon paper and an

extra copy attached so that you have a copy for yourself.

. Fill out the blank money order below to Dalton Book Company. Write in your name and address.



With a savings account, there are separate forms to use for adding to or taking from your account. Both include your name, the date, your account number, and the amount of money involved. When you want to deposit a check someone has given you, that check number also must be recorded.

DEPOSIT SLIP

Date:		
Name:		
Acct. No.:		
Check No.	Amt.	
Cash:		
Total Deposit:		

Signature: _____

WITHDRAWAL SLIP

Date:	
Name:	
Acct. No.:	
Amount	

New Balance _____

Teller Initial _____

Signature: _____

- Using these forms, deposit $100 into your savings account, #01-040697-3, using today's date.
- Now withdraw $100 from the same account.

MATH

1. Using the register below, figure out what your checking account balance would be if your opened the account with $240, wrote checks for $35.40, $21.22, and $50, and made one deposit of $25.

CHECK NO.	DATE	CHECK ISSUED TO	DATE OF DEP.	AMOUNT OF DEPOSIT	✓	AMOUNT OF CHECK	BALANCE

2. You see a dining table that costs $412. You have forty dollars in your wallet, a balance of thirty-five dollars in your checking account, and $350 in your savings. Could you pool those three resources and have enough to buy the table?

3. You started a savings account with $200. You haven't withdrawn any money, and you've made deposits of $100, $200 and $75. The teller says you have $2 coming as interest and writes this into your total. How much do you have now?

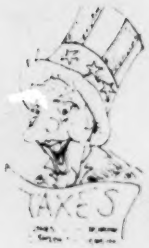
4. The post office gives you a money order for $24.25. The service charge is $1.12. How much do you pay?

5. Your checkbook balance was $12, and you wrote a check for $13. How much did you overspend?

6. If you spent one dollar less than you had from your checking account and the bank charged you $12 for your mistake, then how much are you in the hole.

7. If you're in the hole by $13 and you deposit $25, what is your balance then?

READING/SPELLING



Whenever you earn over a certain amount of money in a year, you are required to file an income tax return with the federal government. That certain amount is given in each year's tax booklet. You probably filled out a W-4 form when you first started work. That form asks how many exemptions you wish to claim. You are allowed one for yourself, and one for each of your dependents, the people you support. The more exemptions you claim, the lower your income tax.

Social security tax and state tax are also paid out of your regular paycheck. You pay a sales tax of 6 percent whenever you buy something at a store in California.

Some practice with tax forms and a basic knowledge of what taxes are about may save you some frustration or surprise in the future.

- Is everybody required to file an income tax return each year?
- How many different kinds of taxes are mentioned in the preceding paragraphs?

Here are some words from the passage above. Circle the correct spelling of the word in parentheses.

- A (sertain/certain) amount of money
- how many (exemtions/exemptions) you wish to claim
- for each of your (dependents/dependants)
- you are (allowed/alowed) one for yourself

FORM W-4 (Rev. July 1970)
Department of the Treasury
Internal Revenue Service

Employee's Withholding Exemption Certificate

Type or print full name _____ Social Security Number _____

Home address _____ City _____ State _____ ZIP code _____

EMPLOYEE:
File this form with your employer. Otherwise, he must withhold U.S. income tax from your wages without exemption.

EMPLOYER:
Keep this certificate with your records. If you believe the employee claimed too many exemptions advise your District Director.

HOW TO CLAIM YOUR WITHHOLDING EXEMPTIONS

1. If SINGLE (or if married and wish withholding as single person), write "1." If you claim no exemptions, write "0" . . . .
2. If MARRIED, one exemption each is allowable for husband and wife if not claimed on another certificate.
   (a) If you claim both of these exemptions, write "2"; (b) If you claim one of these exemptions, write "1"; (c) If you claim neither of these exemptions, write "0" . . . . .
3. Exemptions for age and blindness (applicable only to you and your wife but not to dependents):
   (a) If you or your wife will be 65 years of age or older at the end of the year, and you claim this exemption, write "1"; if both will be 65 or older, and you claim both of these exemptions, write "2" . . . . .
   (b) If you or your wife are blind, and you claim this exemption, write "1"; if both are blind, and you claim both of these exemptions, write "2" . . . . .
4. If you claim exemptions for one or more dependents, write the number of such exemptions. (Do not claim exemption for a dependent unless you are qualified under Instruction 4 on other side.) . . . . .
5. If you claim additional withholding allowances for itemized deductions attach Schedule A (Form W-4) and enter the number of allowances claimed (if claimed you must file a new Form W-4 each year) . . . . .
6. Add the exemptions and allowances (if any) which you have claimed above and enter total . . . . .
7. Additional withholding per pay period under agreement with employer. (See Instruction 1.) . . . . . $

Under the penalties of perjury, I certify that the number of withholding exemptions and allowances claimed on this certificate does not exceed the number to which I am entitled.

(Date) _____ 19... (Signed) _____

This is a W-4 form. When you start working, you have to decide how many exemptions you want to claim. Then, when you figure your taxes at the end of the year, the more exemptions you claimed, the less you owe.

. Write your name, address, and social security number on the form above.

. Fill out the rest of the form for a single person living alone. Use today's date and your own name.

ENGLISH

The man walked into the house. The dog jumped over the house. The cat ran through the house. Prepositions tell you how these creatures move about the house. They went into, over, and through it. In the following sentences, underline the prepositions.

Bill sat behind Jim.

Paula ran around the school.

Melinda was hiding under the table.

Jim climbed over the bookcase.

Some other prepositions are:

from	around	by
to	about	with
of	between	without

. Circle the prepositions in the following sentences.

People with large incomes usually contribute more to the community efforts. That is, they pay higher taxes. Those who make very small amounts of money don't pay any income tax at all.

Without money from taxes, we would not have a government or public facilities and services. There'd be no streetlights, schools, or state forest lands and parks, to name only a few.

MATH

Part of using math is isolating the problems from a story. If gasoline cost $1.50 a gallon and you bought two gallons, how much would you pay? To answer the question you isolate the math: $1.50 x 2 = $3.00.

Tax forms involve this reasoning, although the forms usually tell you by number which numbers to add and which to subtract. On the following form, fill in the space marked with an asterisk (*).

Short Form 1040A — U.S. Individual Income Tax Return

Department of the Treasury Internal Revenue Service — **1975**

your first name

Please print or type

Name (If joint return, give first names and initials of both) — Last name

Present home address (Number and street, including apartment number, or rural route)

City, town or post office, State and ZIP code

Your social security number

Spouse's social security no.

For Privacy Act Notification, see page 2 of Instructions.

For IRS use only

Occupation: Yours ► Spouse's ►

Requested by Census Bureau for Revenue Sharing

A In what city, town, village, etc., do you live?

B Do you live within the legal limits of the city, town, etc.? ☐ Yes ☐ No ☐ Don't know

C In what county and State do you live? State

D In what township do you live? (See page 5.)

Filing Status (check only ONE box)

1 ☐ Single

2 ☐ Married filing joint return (even if only one had income)

3 ☐ Married filing separately. If spouse is also filing give spouse's social security number in designated space above and enter full name here ►

4 ☐ Unmarried Head of Household (See page 4 of Instructions) ►

5 ☐ Qualifying widow(er) with dependent child (Year spouse died ► 19). See page 4 of Instructions.

Exemptions

6a ☐ Regular ☐ Yourself ☐ Spouse Enter number of boxes checked ►

First names of your dependent children who lived with you

Enter number ►

Number of other dependents (from line 22) ►

d Total (add lines 6a, b, and c) ►

e Age 65 or over ☐ Yourself ☐ Spouse Enter number of boxes checked ►

Blind ☐ Yourself ☐ Spouse

7 Total (add lines 6d and e) ►

EXAMPLE

Attach Copy B of Forms W-2 and Check or Money Order here

8 Presidential Election Campaign Fund — Do you wish to designate $1 of your taxes for this fund? Yes ☐ No ☐ — If joint return, does your spouse wish to designate $1? Yes ☐ No ☐

Note: If you check the "Yes" box(es) it will not increase your tax or reduce your refund.

9	Wages, salaries, tips, and other employee compensation (Attach Forms W-2. If unavailable, see page 6 of Instructions)	9	$1,000.00
10a	Dividends over $400, see Instructions at top of page 3) $ 10b Less exclusion $ Balance ►	10c	50.00
11	Interest income (if over $400, see Instructions at top of page 3)	11	20.00
12	Total (add lines 9, 10c, and 11) (Adjusted Gross Income) (If less than $8,000, see page 18 of Instructions on "Earned Income Credit.")	12	*

- If you want IRS to figure your tax, see page 6 of Instructions.
- If line 12 is under $15,000, find tax in Tax Tables (on pages 8–18) and enter on line 13a, on the back.
- If line 12 is $15,000 or more, figure your tax using the Tax Computation Worksheet on page 18 of Instructions.

13a	Tax, check if from: ☐ Tax Tables (pages 8–18) OR ☐ Tax Computation Worksheet (page 18)	13a	$50.00
b	Credit for personal exemptions (multiply line 6d by $30)	b	0
14a	Balance (subtract line 13b from line 13a). If less than zero, enter zero.	14a	*
b	Credit for contributions to candidates for public office (see page 7 of Instructions)	b	
15	Income tax (subtract line 14b from line 14a). If less than zero, enter zero.	15	
16a	Total Federal income tax withheld (attach Forms W-2 to front)	16a	$50.00
b	Excess FICA, RRTA, or FICA/RRTA tax withheld (two or more employers—see page 7 of Instructions)	b	0
c	1975 estimated tax payments (include amount allowed as credit from 1974 return)	c	0
d	Earned income credit	d	0
17	Total (add lines 16a, b, c, and d)	17	*
18	If line 15 is larger than line 17, enter BALANCE DUE IRS ►	18	
19	If line 17 is larger than line 15, enter amount OVERPAID ►	19	
20	Amount of line 19 to be REFUNDED TO YOU ►	20	
21	Amount of line 19 to be credited on 1976 estimated tax ► 21		

Pay amount on line 18 in full with this return. Write social security number on check or money order and make payable to Internal Revenue Service.

If all of overpayment (line 19) is to be refunded (line 20), make no entry on line 21.

Other Dependents

(a) NAME	(b) Relationship	(c) Months lived in your home. If born or died during year, write B or D.	(d) Did dependent have income of $750 or more?	(e) Amount YOU furnished for dependent's support. If 100% write ALL.	(f) Amount furnished by OTHERS including dependent.
				$	$

22 Total number of dependents listed in column (a). Enter here and on line 6c ►

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign here

* Your signature — Date

Spouse's signature (if filing jointly, BOTH must sign even if only one had income)

Preparer's signature (other than taxpayer) — Date

Address (and ZIP Code)

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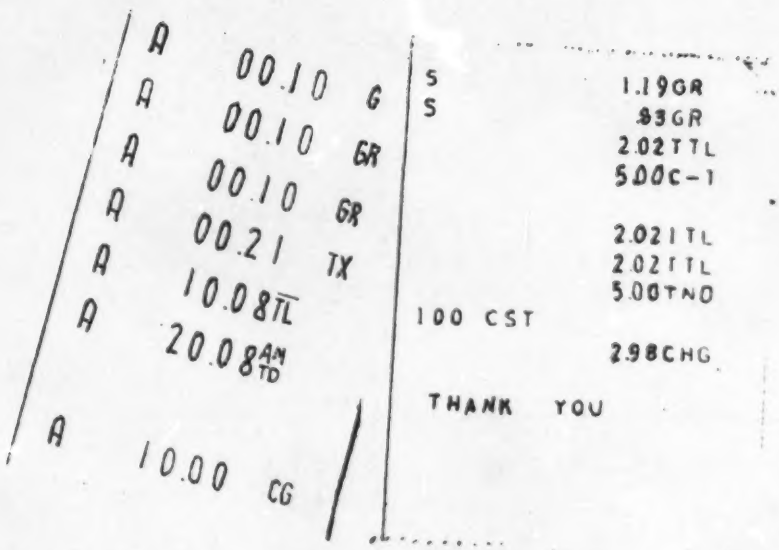


. Roy Gibbs saved every receipt he got in the month of December so that he could get an idea how much he spends on sales tax. The tax figures were $ .37, $2.09, $1.10, and three that said $ .33. What was the total? _____

. If sales tax is 6 cents on every dollar, and your purchase is $40.00, how much will the tax be? 6 x $40.00 = _____

. Joe works forty hours a week, for $4 an hour. In a week's paycheck, $25 is deducted for taxes. How many hours does he work is a week just to pay the taxes?

READING

Insurance companies offer to pay for emergencies like dented fenders, fire damage, hospitalization, and dentist bills. You pay the company monthly or quarterly, according to risk. If you're a seventeen-year-old male with three traffic violations on your record and you drive a sporty Fiat, your car insurance payments could easily be doubled those of a middle-aged female Mercedes-driver. Rates are determined by the company on the basis of past statistics. Another factor for the cost of insurance is the extent of coverage you want. Most companies offer several insurance plans to choose from. It's always a good idea to check out a few different companies to see which offer the best plan for you.

. Name some of the things an insurance company might pay for.

. Do insurance companies offer a choice of policies to their customers?

. Doug, who is 17, has a Triumph sportscar he bought from his dad. His girlfriend drives a Ford sedan. Whose car insurance probably costs more?

SPELLING

Words that end in a vowel like e or y are changed when

endings are added to them. Y's are changed to i, e's are dropped. Sometimes words ending in a consonant preceded by a vowel, like bed, mud, and plan, get the consonant doubled when endings are added: bedding, muddy, planner.

The following words are words that change when endings are added to them. Write a new word for each, using the indicated ending.

- company (-es) _____
- emergency (-es) _____
- hospitalize (-ation) _____
- violate (-tion) _____
- insure (-ance) _____

ENGLISH

Tense means whether a message is about the past, the present, or the future. Of the three sentences below, the first is past tense, the second, present tense, and the third, future tense.

I You suddenly learned that there was a law in your state requiring you to have liability insurance on your car.

II Health insurance is very complicated, but it is also very important. Without it, high medical costs can use up your savings and income.

III Choosing fire insurance will probably be easier than choosing auto insurance, because there will be fewer options.

Mark the following sentences Past, Present, or Future to identify

tense.

- Many insurance policies have a "deductible," or some amount of money you pay for each cost, before the rest is paid by the insurance company. _____
- A policy will also have "exclusions" -- things the company won't pay for. _____
- The premium on your car insurance went down from $700 last year to $340! _____

MATH

- If you could pay either $24 a month or $6 a week for some medical insurance, and you wanted to choose the least expensive, which would it be?
- You're thinking about a health insurance plan that requires a premium of $35 a month. If your budget allows $400 a year for medical insurance, is this plan within your range?

READING

Stores and businesses offer you charge plans to make it easier for you to pay for goods or services. They keep track of your purchases and bill you at the end of each month. To get a

charge account, you go to the store you shop at, fill out an application, and mail it to the central credit office.. They check out where you live, your income, savings and debts, and determine how much you can afford to pay them on a monthly basis.

- How does one go about getting a charge accout?
- Do you think that if you had a regular salary, a minimum of debts, and a healthy savings account, you would stand a good chance of geeting a charge accoutn?
- Name one advantage of buying on credit.

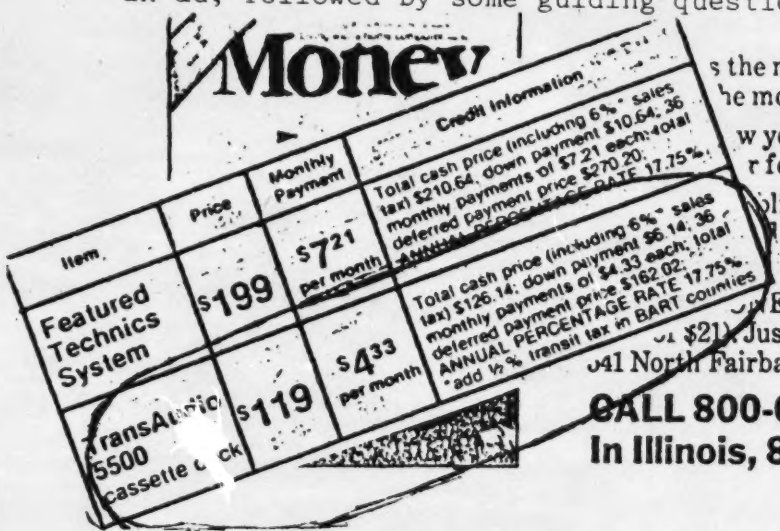
SPELLING

Circle the correct spelling of these words from the passage at the beginning of this chapter.

- stores and (businesses/busineses)
- make it (easier/esier) for you
- to get a charge (account/acount)
- to the (sentral/central)credit office
- you can (afford/aford) to pay

ENGLISH/READING

Sometimes you see ads offering a product at a special rate. You are offered a choice of paying one cash price or several smaller monthly amounts. If you choose the monthly payments, you are installment buying. Here is an example of such an ad, followed by some guiding questions.



Money

s the monthly magazine that tells you how you can live
he money you've got.

w you can save on the *necessities*...so you'll have a lot
r for the *luxuries*.

olished by the same people who publish TIME,
LIFE magazines. So you can be sure it's filled with
dvice...and it's lively and readable, too!

EY? Only $17.95 for 12 issues (compared to the cover
$21). Just call the toll-free number below. Or write MONEY,
041 North Fairbanks Court, Chicago, Illinois 60611.

CALL 800-621-8200 TOLL-FREE.
In Illinois, 800-972-8302.

M51810

Item	Price	Monthly Payment	Credit Information
Featured Technics System	$199	$7.21 per month	Total cash price (including 6%* sales tax) $210.64; down payment $10.64; 36 monthly payments of $7.21 each; total deferred payment price $270.20. ANNUAL PERCENTAGE RATE 17.75%.
TransAudio 5500 cassette deck	$119	$4.33 per month	Total cash price (including 6%* sales tax) $126.14; down payment $6.14; 36 monthly payments of $4.33 each; total deferred payment price $162.02. ANNUAL PERCENTAGE RATE 17.75%. *add ½% transit tax in BART counties

- How much would you pay if you paid the whole amount at once?

_____

- How many monthly payments are there in the installment plan?

_____

- What amount would you pay each time? _____
- What is the total paid thru the installment plan? _____

Nouns are words that mean a person, a place, or a thing. The nouns in this paragraph are underlined. Following are some signals that mean you may be spending more on credit than your income can handle. Underline the nouns.

- juggling payments -- stalling one account to pay another
- receiving past-due notices
- failing to save any money each month
- charging more each month than you pay on your accounts
- running out of money before payday

To be safe, set yourself a credit limit. Decide how much extra you can afford to pay per month before you start buying on credit.

MATH

DATE	STORE	REFERENCE NO.	DEPT. NO.	TRANSACTION DESCRIPTION	CHARGES	PAYMENTS AND CREDITS
06/09	8	013530	190	WOMENS SHOES & BOOTS	33.98	
06/09	8	037931	152	SPORTSWEAR SEPARATES	32.00	
06/17		700471	152	SPORTSWEAR SEPARATES		26.00
06/17	NE	128418	114	MAIN FLOOR BLOUSES		
06/17	NE	128418	113	WOMENS SPORTSWEAR		
06/17	NE	128418	152	SPORTSWEAR SEPARATES	51.98	
06/25		706336	114	MAIN FLOOR BLOUSES		43.98

* SEE DEPT. NO. ON REVERSE SIDE

CLOSING DATE	PREVIOUS BALANCE	+ FINANCE CHARGE (50¢ MINIMUM)	+ CHARGES	− PAYMENTS & CREDITS	= NEW BALANCE	AMOUNT PAST DUE	MINIMUM MONTHLY PAYMENT
070875	00	00	13796	6998	6798	00	1000

If your Previous Balance exceeds 40.00, your FINANCE CHARGE is based on a monthly periodic rate of 1.25 % which corresponds to an ANNUAL PERCENTAGE RATE of 15 % applied to Previous Balance, without deducting payments and credits therefrom and without adding charges thereto. FINANCE CHARGE is avoided if full payment of the New Balance is received within 30 days of closing date on each statement.

NOTICE See reverse side for important information.

LIT BROTHERS

- This is a billing statement. How many transactions are listed? _____
- What is the total of the charges? _____
- Notice the box marked New Balance, and the one marked Minimum Monthly Payment. What will the New Balance be the next month, if the minimum payment is made this month? _____

22

. If you made the minimum payment, them bought $42 worth of merchandise with your credit card, then what would your new balance be? _____

FORMS

On pages 30 and 31 is an example of a loan application. Look it over and answer the questions below.

. Does the application require a signature? _____

. Name two things a person could write as credit references (# 16). _____

. Do you need to tell what you're going to use the money for? _____

. Does the application include information about your employer, your address, and your religion? _____

. How many blank spaces are there to fill out? _____

member's loan application

FOR CALIFORNIA STATE AUTOMOBILE ASSOCIATION THROUGH LLOYDS BANK.

NOTICE: Even if married, you may apply for a separate account. If Applicant is relying on Co-Applicant's credit information, then information of Co-Applicant is required and must be completed. If Applicant or Co-Applicant is self-employed, attach a current financial statement and/or latest income tax return.

PLEASE PRINT ALL INFORMATION

CSAA District Office	Sales Representative		Sales Rep. Number
Purpose of Loan	Amount Requested $	☐Individual Request ☐Joint Request	Terms
CSAA Membership Number	Approved By:		Date Approved

I (We) ☐Have ☐Have Not been referred to Lloyds Bank California by the seller of the merchandise to be purchased with the proceeds of this loan.

APPLICANT

1.	Last Name of Applicant First Middle	Age	☐Married ☐Separated ☐Unmarried	No. Dep.	Social Security No.	Driver's License No.
2.	Home Phone Number ( )	Residence Address (Include Zip Code)			How long at address? Yrs. Mos.	How long in area? Yrs. Mos.
3.	Previous Address (If above address is less than two years)				How long at address? Yrs. Mos.	
	Name of Present Landlord or Mortgage Holder	Address of Landlord or Mortgage Holder				
4.	Applicant's Employer	Kind of Business		Occupation		Employed For Yrs. Mos.
5.	Employer's Address (Include zip code)			Telephone and Extension		Mo. Take-home Pay
6.	Previous Employer (If above employment is less than two years)	Previous Employer's Address				Employed For Yrs. Mos.
	Applicant's Nearest Relative Not Residing with Applicant	Address (Include zip code)				Relationship
7.	Bank and Branch Where Applicant Has ☐Checking Account ☐Savings Account	Checking Acct. No.	Approx. Balance	Savings Acct. No.		Approx. Balance

30

34

35

FINANCIAL INFORMATION

16. **CREDIT REFERENCES – Include All Credit Cards (Attach an additional sheet if necessary.)**

	Whose A	Whose C	Whose B	Item	Name of Creditor	Creditor's Address	Purpose	Original Amount	Present Balance	Monthly Payments
a.				Housing: ☐ Rent ☐ Mortgage ☐ Other						
b.				Second Mortgage						
c.				1st Auto Make Year						
d.				2nd Auto Make Year						
e.				☐ Alimony ☐ Child Support						
f.				Credit Union						
g.				Master Charge Card Number						
h.				BankAmericard Card Number						
i.										
j.										
k.										
								TOTALS		

INDICATE: A — Applicant
C — Co-Applicant
B — Both

Are any of Applicant's debts past due? ☐ Yes ☐ No
Are any of Co-Applicant's debts past due? ☐ Yes ☐ No

APPROVALS

I (We) hereby certify that all statements in this application are true and complete and are made for the purpose of obtaining credit. I (We) authorize the bank/seller to obtain whatever credit information is necessary and I (We) authorize the bank/seller to provide such infomration arising out of this transaction to others. I (We) agree that this application shall remain the property of the bank whether or not the credit is granted.

The approval of this application will be determined solely by the lending bank. The CALIFORNIA STATE AUTOMOBILE ASSOCIATION will not participate in that decision.

DATE _____ SIGNATURE OF APPLICANT _____

DATE _____ SIGNATURE OF APPLICANT _____

F907 (REV. 2-77)

GLOSSARY

account: a record of money put in and taken out, as with a bank or a store credit card

advantage: to your best advantage: best for you

alteration: a change

anticipate: predict, expect

automatic: happens by itself; something or someone else does it for you

citizen: a person who has full rights

clarify: explain more

deduction: something subtracted

deposit: a payment into an account

district: a specific area, like part of a city

exemptions: exceptions to the rules about how much tax you have to pay

expenses: things that cost money

familiar: to become familiar: to get to know, learn to recognize, get used to

federal: national; involving the entire country

i.d.: identification

institution: an established corporation or organization

interest: money a bank pays you for having a savings account there

isolate: put something by itself

net: net change: the end result; the difference between the beginning and the end. Example: Put two pennies in a piggy bank. Take out one. You've done two things: added money, and taken some away. The net change is one more penney.

pool: use together

property tax: money paid to government according to the value of your property

purchase: anything you buy

rationale: reason, purpose, justification

register: a record of activities like writing checks

responsibility: something that's up to you

salary: an amount of money paid regularly to a worker

service charge: a price paid for work done

source: the place something came from

utilities: useful things; the word is mostly used to mean electricity, water, and gas

variable: changeable

violation: traffic violation: an act of driving that is against the law

withdraw: take money out of an account

ANSWER KEY

page 2

sometimes bills would come
they couldn't afford to go
go out with friends
when expenses come up
the day their paychecks came

page 3

You can plan a budget in different ways. Many people budget their money by how they are paid -- by week or by month, for example. Even if you plan your budget week to week, you must plan ahead for monthly bills. The first thing to do is list all the sources of your income to figure how much money you are actually making. Then list your fixed expenses like rent or house payments, and utility bills, then variable expenses, like food and clothing. If an emergency arises, cuts from the variable expenses must be made.

page 4

- Total income is $600, after deductions
- $600 - 210 = $380
- rent bills food car other
  $260 $68.58 $82.05 $76.38 $37.87
- Total: $524.88
- $600 - 524.88 = $72.12 left over
- No.

page 5

- Yes.
- $60
- 3 months. 3 x $70 = $70

page 6

house needs - $427.49	clothing - $61
food - $120	recreation - $28.90
transportation - $81.11	other - $12.95
Total - $731.45	Left over - $108.55

page 7

a number of services
checking accounts
can usually pay
pay higher interest
can offer various services

page 9

You can use a personal checking account to pay your monthly bills. By keeping money in a regular account, you can mail convenient checks instead of paying in cash. You can also keep all your money in a checking account and use checks to do all your daily spending. Personal checks are given to you when you open your new account. On them is printed your name and address, i.d. numbers (usually 100-900) for your records, a code number identifying the bank, state and district, and a special line of numbers on the bottom, for a computer to easily read, that includes your account number.

page 11

All the checks should have:

- The date the check was written
- the person the check is for
- the number amount written close to the dollar sign ($35.00)
- the written out number amount written close to the left dege of the check
- your signature at the bottom

page 13

	10day	Glenn Scott							10	95			
	"	Marten Schmitz							100	00			
	"	He and She							12	00			
	"	Value Giant							38	00			

CHECK NO.	DATE	CHECK ISSUED TO	DATE OF DEP.	AMOUNT OF DEPOSIT			✓	AMOUNT OF CHECK		BALANCE		
										$100	00	
	2/4	Safeway						12	00			
	2/6	Cabbage Patch						13	00			
	2/7	deposit		35	00					110	00	

page 16

1. balance: $158.38
2. Yes.
3. $577.

42

page 17

4. $25.37
5. $1.
6. $13.
7. $12.

page 18

- No.
- 4
- a certain amount of money
- how many exemptions you wish to claim
- for each of your dependents
- you are allowed one for yourself

page 20

People with large incomes usually contribute more to the community effort. That is, they pay higher taxes. Those who make very small amounts of money don't pay any income tax at all.

Without money from taxes, we would not have a government or public facilities and services. There'd be no streetlights, schools, or state forest lands and parks, to name only a few.

page 22

- $3.89
- $2.40
- $25 + $4 = 6 1/4

page 23

- auto accident, fire damage, doctor bills
- Yes.
- Doug's

page 24

- companies
- emergencies
- hospitalization
- violation
- insurance

page 25

- present
- future
- past
- $24 a month
- No.

page 26

- by going to the store where you shop
- Yes
- You can buy something you don't have enough cash for

Spelling:

- stores and businesses
- make it easier for you
- to get a charge account
- to the central credit office
- you can afford to pay

page 27

- $119
- 36
- $4.33
- $162.02

page 28

- Juggling payments -- stalling one account to pay another
- receiving past-due notices
- failing to save money each month
- charging more each month than you pay on your accounts
- running out of money before payday

Math:

- 7
- $137.96
- $57.98

page 29

- $99.98

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